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**STATEMENT OF HONORABLE DUNCAN HUNTER
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HEARING ON AGING EQUIPMENT**

Today's hearing addresses a neglected but important issue and is one I've been wanting to have for some time, since I'm constantly disturbed by the fact that the Department is operating some very old equipment that, it would appear, is only going to get older. The headline on Dr. Thompson's statement sums up my concerns: "Fear of Flying—America's Aging Fleet of Military Aircraft." A sad commentary...and one that points the need for a sustained growth in defense spending...but more on that later.

Last October the subcommittee held a hearing to preview forthcoming issues in the FY 2000 budget request. The principal witness was Dr. Jacques Gansler, the Under Secretary of Defense for Acquisition and Technology. In his written statement for that hearing Dr. Gansler noted the following:

"As the defense budget rapidly declined [after the end of the Cold War] modernization was deferred in order to fully fund current operations and support and base infrastructure, and thus ensure current readiness. The reduced modernization budgets, combined with the increased military deployments, have taken their toll. Our weapons are overworked and aging. By next year, for example, the average age of our aircraft fleet will be over 20 years. Because many of our systems are old and overworked, they require more frequent and costlier maintenance. This accelerated maintenance is costing us much more each year in repair costs, down time, and maintenance tempo.

Furthermore, because our systems are so old, we find that the spare parts we need from third- and fourth-tier suppliers are no longer available. We reverse-engineer these obsolete parts, which requires extensive lead times...and much higher spare parts costs. Clearly, we must keep our equipment in good repair to maintain readiness. However, it drains resources—resources we should be applying to modernization or replacement of existing systems, as they become increasingly obsolete; and to the development and deployment of the required new systems to counter the anticipated asymmetrical threats of the early 21st century.

Many of the systems under development today—even with accelerated development times—will not become fully operational until the end of the first decade of the 21st century. The "bow wave" of deferred modernization makes it even more critical to begin to shift funds from support and infrastructure to combat and modernization now, in order to be able to afford [new systems]."

We are going to hear numerous examples of aging equipment today and their operational and budgetary effects on readiness. The reality of what Dr. Gansler noted can best be illustrated by the Commandant of the Marine Corps' observations in his appearance before the committee last month. General Krulak stated, "We are transporting Marines and equipment in CH-53Ds that we had expected would leave our inventory seven years ago; and, at current replacement rates, we will be flying them for another 10 years. By the time we completely replace the CH-46E... we will be flying airframes that are 47 years old. Our fleet of KC-130F tankers is approaching 40 years of age, almost twice its planned service life."

He went on to note that, as a result of having to operate and maintain old equipment, he had to invest \$309 million... on the now 27-year old Amphibious Assault Vehicle in order to keep it operational until the Advanced Amphibious Assault Vehicle is fully fielded in 2012.

Much has been made of a major increase in the defense budget for the next six fiscal years, but, as Chairman Spence noted this morning, it is premised on "smoke and mirrors." But even if the increase becomes reality, the procurement accounts are not the beneficiaries of any near-term largesse. As has been pointed out in previous hearings with the Secretary and the service chiefs, the FY 2000 procurement budget actually declines by \$1.1 billion from the forecast of only a year ago, and the cumulative addition to this budget grows by only \$4.1 billion over the next four years—hardly a significant part of a six-year \$84 billion proposed DOD topline increase. By comparison, the 104th and 105th Congresses added \$10.6 billion over the last four years, not including the FY 1999 Emergency Supplemental.

Moreover, with the exception of the Marine Corps, recapitalization of aging equipment is not a high near-term priority of the services. I suppose the reason is that Secretary Cohen's guidance, we are told, left the services little room for discretion in allocating resources that didn't adhere to maintaining readiness as the number one priority.

Continuing to forego growth in modernization will ultimately confront the Pentagon with a dilemma: facing the procurement "bow wave" with too few resources or cutting force structure because of the so-called "Death Spiral"—a shifting of funds from procurement accounts to finance continuously growing operations and support costs. Since the latter alternative is not of interest to DOD leadership or to me, the former looms ominously unless there is sustained growth in future defense budgets.

The Pentagon's latest budget briefing declares that Modernization is on Target! Unfortunately, I cannot agree; and I think we'll see evidence today that supports my contention. In 1995, the immediate past Chairman of the Joint Chiefs of Staff, General Shalikashvili, stated that there was a requirement for \$60 billion annually in procurement spending—a figure now referred to as the "QDR procurement goal."—and urged that this amount be attained by FY 1998. The Department's current budget indicates we will reach this amount in FY 2001—three years later than recommended.

But guess what? In FY 2001, General Shali's \$60 billion grows to \$63 billion (assuming the Administration's forecast inflation rates are accurate). That means the requirement has still not been reached—and, in fact, it won't be reached until FY 2003—FIVE years later than recommended.

Meanwhile, aging equipment continues to age! In fact, I would be willing to bet that there is a significant amount of equipment in the inventory that would not be deployed to a major theater war if one were to begin tomorrow. Among other reasons, that's why I firmly believe we need \$20 - \$25 billion more in defense spend-

ing beginning in the FY 2000!

With us today to provide their views on the aging equipment problem we have two panels. The first panel includes:

- Dr. Loren B. Thompson, Chief Operating Officer, The Lexington Institute
- Dr. Raymond A. Pyles, The RAND Corporation, and
- Ms. Lane Pierrot, Senior Analyst, National Security Division, Congressional Budget Office

The second panel consists of:

- Honorable Paul J. Hoyer, Assistant Secretary of the Army (Research Development & Acquisition)
- Lieutenant General John G. Coburn, Deputy Chief of Staff for Logistics, Department of the Army
- Honorable H. Lee Buchanan, Assistant Secretary of the Navy (Research Development & Acquisition)
- Vice Admiral James F. Amerault, Deputy Chief of Naval Operations for Logistics
- Lieutenant General Gregory S. Martin, Principal Deputy Assistant Secretary of the Air Force (Acquisition)
- Lieutenant General John W. Handy, Deputy Chief of Staff for Installations and Logistics, Department of the Air Force
- Lieutenant General Martin R. Steele, Deputy Chief of Staff for Plans, Policies & Operations Headquarters, United States Marine Corps, and
- Major General Gary S. McKissock, Commander, Marine Corps Materiel Command

Thank you all for being here this afternoon. We all look forward to your testimony.